

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	110.25	110.25	108.25	108.25	110.25	108.25	(2.00)	(1.81)%
Personal Services	5,227,727	5,744,295	6,218,045	6,218,774	10,972,022	12,436,819	1,464,797	13.35 %
Operating Expenses	2,914,787	2,926,162	2,878,023	2,884,441	5,840,949	5,762,464	(78,485)	(1.34)%
Total Costs	\$8,142,514	\$8,670,457	\$9,096,068	\$9,103,215	\$16,812,971	\$18,199,283	\$1,386,312	8.25 %
General Fund	7,797,661	8,360,565	8,800,440	8,807,587	16,158,226	17,608,027	1,449,801	8.97 %
State/Other Special Rev.	307,883	271,915	259,857	259,857	579,798	519,714	(60,084)	(10.36)%
Funds								
Proprietary Funds	36,970	37,977	35,771	35,771	74,947	71,542	(3,405)	(4.54)%
Total Funds	\$8,142,514	\$8,670,457	\$9,096,068	\$9,103,215	\$16,812,971	\$18,199,283	\$1,386,312	8.25 %

Program Description

The Citizen Services and Resource Management Division (CSRM) focuses on providing services to citizens, including the advancement of free electronic filing, and support services to the other divisions of the department. CSRM includes the Financial and Asset Management Bureau, the Citizen Services Bureau, the Collections Bureau, and the Information Management Bureau. The division integrates the department's accounting, purchasing, safety and security, and statewide facility functions through the Financial and Asset Management Bureau. This bureau ensures state tax collections and department expenses are properly accounted for, supports the efficient and safe operation of department facilities, and conducts disaster and emergency preparedness and continuity of government activities. The division's Citizen Services Bureau assists taxpayers by answering questions through the department's call center, coordinates the eStop business licensing program to create efficiencies and reduced costs to businesses, returns unclaimed property that has been remitted to the state to the rightful owners, and strives to create tax forms and instructions that are thorough and understandable. The Collections Bureau establishes payment plans or initiates forced collections using legal actions to resolve delinquent tax liabilities and provides collection services to other state and local agencies for recovery of bad debts. The bureau includes the Bankruptcy Unit responsible for filing and recoveries of debt through bankruptcy proceedings. The Information Management Bureau ensures secure handling and processing of taxpayer information, payments, and data in electronic or paper form. The bureau is organized into four units including Account Maintenance and Cashiering, Information Capture, Electronic Services (E-Services), and Mail and Imaging.

Program Highlights

Citizen Services & Resource Management Program Major Budget Highlights	
<ul style="list-style-type: none"> A portion of the proposed increase is a result of personal services present law adjustments The remaining difference between the legislatively appropriated FY 2015 base and the executive's FY 2017 biennium request is primarily due to a reorganization of the Information Management and Technology Division. This reorganization transferred personal services and operating expenses authority to the Director's Office and the Citizen Services and Resource Management Division. 	

Program Discussion -

The following table highlights the differences between the FY 2015 appropriations as shown in the main table and the FY 2015 legislative appropriations used for purposes of the budget base.

Department of Revenue Citizen Services and Resource Management FY 2015 Appropriation Transactions			
Category	Legislative Appropriation	Difference Between Exec. and Leg.	Total Executive Implementation
Personal Services	\$3,059,985	\$2,684,310	\$5,744,295
Operating Expenses	<u>785,843</u>	<u>2,140,319</u>	<u>2,926,162</u>
Total Costs	<u>\$3,845,828</u>	<u>\$4,824,629</u>	<u>\$8,670,457</u>

The difference between the FY 2015 Legislative Appropriation and the Total Executive Implementation is due to the reorganization of the former Information Management and Technology Division. Personal services authority and operating expenses authority were transferred from this program to the Director's Office and Citizen Services and Resource Management.

Comparison of the 2014 Actual Expenditures to FY 2015 Legislative Appropriations

Actual FY 2014 expenditures of \$8,142,514 are \$4,296,686 above the FY 2015 Legislative appropriation of \$3,845,828. This large difference is primarily attributable to the aforementioned reorganization.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Revenue, 05-Citizen Services & Resource Mgmt Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	17,608,027	0	0	17,608,027	7.53 %
02008 Tobacco And Cig. Tribal Agree.	0	0	10,477,384	10,477,384	4.85 %
02025 Unclaimed Property	301,132	0	0	301,132	0.14 %
02083 Oil & Gas Local Assistance	0	0	7,507,450	7,507,450	3.48 %
02088 SSR ADMINISTRATIVE FUNDS	218,582	0	0	218,582	0.10 %
02168 MT Oil Production Tax	0	0	183,262,702	183,262,702	84.89 %
02169 Bentonite Production Tax	0	0	5,000,000	5,000,000	2.32 %
02511 Oil Gas and Coal Natural Res	0	0	9,026,308	9,026,308	4.18 %
02966 Tribal Agreement - Alcohol	0	0	85,416	85,416	0.04 %
State Special Total	\$519,714	\$0	\$215,359,260	\$215,878,974	92.27 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06005 Liquor Division	71,542	0	0	71,542	15.17 %
06554 CSC Collection Services	0	399,982	0	399,982	84.83 %
Proprietary Total	\$71,542	\$399,982	\$0	\$471,524	0.20 %
Total All Funds	\$18,199,283	\$399,982	\$215,359,260	\$233,958,525	

The Citizens Services and Resource Management Division is funded primarily by the general fund. State special revenue funds the division's administration of livestock per capita fee, and for support of the unclaimed property program. The finances of the Collections Services Program are not shown in the HB 2 tables because it is funded with proprietary funds. The Collections Services Program is discussed in the Proprietary Rates Section that follows the HB 2 discussion.

As seen in the figure above, the Citizen Services and Resource Management program is also responsible for the statutorily appropriated distributions of various tax revenues to local and tribal governments.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
-----General Fund-----					-----Total Funds-----			
Budget Item	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	3,584,757	3,584,757	7,169,514	40.72 %	3,845,828	3,845,828	7,691,656	42.26 %
PL Adjustments	5,215,683	5,222,830	10,438,513	59.28 %	5,250,240	5,257,387	10,507,627	57.74 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$8,800,440	\$8,807,587	\$17,608,027		\$9,096,068	\$9,103,215	\$18,199,283	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments											
-----Fiscal 2016-----						-----Fiscal 2017-----					
	FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	3,137,274	22,113	0	3,159,387	0.00	3,138,026	22,088		0	3,160,114
DP 99 - LEG. Present Law	0.00	2,078,409	14,650	0	2,093,059	0.00	2,084,804	14,675		0	2,099,479
Grand Total All Present Law Adjustments	0.00	\$5,215,683	\$36,763	\$0	\$5,252,446	0.00	\$5,222,830	\$36,763		\$0	\$5,259,593

DP 98 - LEG. Personal Services Present Law -

The Personal Services Present Law Adjustments (PSPL) in the table below includes all present law adjustments related to personal services, including statewide present law personal services adjustments. This adjustment has been broken out by some of its component parts for a more detailed understanding of the adjustments. FY 2016 and FY 2017 contain the reductions in FTE made by the executive to implement the boilerplate language in HB 2.

Personal Services Present Law Adjustments						
FY 2016						
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Proprietary	Total Funds
State Share Health Insurance	107.25	\$52,124	-	-	-	\$52,124
Executive Implementation of 2015 Pay Increase		100,596	-	-	-	100,596
Fully Fund 2015 Legislatively Authorized FTE		108,110	-	-	1,582	109,692
Other	1.00	2,875,691	22,113	-	(2,909)	2,894,322
Personal Services Present Law Adjustments	108.25	\$3,137,274	\$22,113	\$0	(\$1,327)	\$3,158,060
FY 2017						
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Proprietary	Total Funds
State Share Health Insurance	107.25	\$52,124	-	-	-	\$52,124
Executive Implementation of 2015 Pay Increase		100,596	-	-	-	100,596
Fully Fund 2015 Legislatively Authorized FTE		108,110	-	-	1,582	109,692
Other	1.00	2,877,197	22,088	-	(4,232)	2,895,053
Personal Services Present Law Adjustments	108.25	\$3,138,026	\$22,088	\$0	(\$2,650)	\$3,157,464

The executive proposes to increase support to personal services adjustments by 103% in FY 2016 and 103% in FY 2017 in comparison to the FY 2015 legislative budget. Approximately 85% of this increase is attributable to the reorganization. The remainder is primarily due to a request for one addition FTE to pursue additional tax compliance opportunities, the implementation of the HB 13 pay increase, and fully funding the legislatively authorized FTE. Differences between the total funds in the CP 98 table compared to the present law adjustments table are due to the inclusion of the proprietary adjustments above.

DP 99 - LEG. Present Law -

LGPL adjustments above are almost entirely due to the transfer of operating expenses authority from the reorganization. The remaining adjustment is due to rent increases for existing lease obligations within the program.

Other Issues -

Program Description

Montana law authorizes the Department of Revenue to assist other agencies in the collection of delinquent accounts. The department retains a percentage of these collections for the costs of assistance in conjunction with 17-4-103 (3)(a), MCA. The department established the Collections Services Program, which includes 3.50 FTE, to administer its statutory responsibilities under Title 17, chapter 4, MCA. These responsibilities include providing collection services for the purpose of centralizing debt collection for the State of Montana.

Proprietary Revenue and Expenses

The department is currently authorized to charge a commission rate up to 5% for its collection services excluding the collection of overpaid child support payments made to custodial parents and collection of delinquent child support payments from noncustodial parents. The commissions collected are used to pay the expenses of the Collection Services Program. Approximately 83% of the expenditures are paid in salaries and benefits with the remaining expenditures representing operating expenses of the program.

Administration of this program requires a minimum of a 9-month working capital balance due to the timing of program collections through offset of other state monies, as the program collects the largest amount of revenues on delinquent accounts during the income tax season and the hunting permitting season.

Proprietary Rate Explanation

The department requests that a maximum commission rate of 5% continue into the 2017 biennium. Exempted from this rate is collection of overpaid child support payments made to custodial parents or collection of delinquent child support payments from noncustodial parents. Commissions associated with child support payments are charged against a separate general fund appropriation designated by the legislature in a prior legislative session.

For the 2017 biennium the following rates are proposed by the executive. The rates charged in the base year are shown for comparison purposes.

CSRM Collection Services - 06554								
	Actual FY2014	Budgeted FY2015	Budgeted FY2016	Budgeted FY2017	2015 Bien	2017 Bien	Biennial Change	% Change
Operating Revenues:								
Fee revenue								
Charges for Services (non-DOR)	\$150,878	\$198,487	\$199,955	\$200,025	\$349,365	\$399,980	\$50,615	\$0
Charges for Services (DOR)	<u>50,214</u>	<u>2,605</u>	<u>1,137</u>	<u>1,067</u>	<u>52,819</u>	<u>2,204</u>	<u>(50,615)</u>	-95.8%
Total Fee/Operating Revenue	201,092	201,092	201,092	201,092	402,184	402,184	0	0.0%
Operating Expenses:								
Personal Services	142,826	160,000	160,000	160,000	302,826	320,000	17,174	5.7%
Other Post Employment Expense	11,118	11,118	11,118	11,118	22,236	22,236	0	0.0%
Other Operating Expenses	<u>22,041</u>	<u>22,041</u>	<u>22,041</u>	<u>22,041</u>	<u>44,082</u>	<u>44,082</u>	<u>0</u>	<u>0.0%</u>
Total Operating Expenses	\$175,985	\$193,159	\$193,159	\$193,159	\$369,144	\$386,318	\$17,174	4.7%
Operating Income (Loss)	\$25,107	\$7,933	\$7,933	\$7,933	\$33,040	\$15,866	(\$17,174)	

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.